

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012

DOCKET No. N2012-1

**RESPONSES OF POSTAL SERVICE WITNESS MARTIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE
(PR/USPS-T6-6 AND 12)**

The United States Postal Service hereby provides its response to the above-referenced interrogatories of the Public Representative dated December 21, 2011. Each interrogatory is stated verbatim and is followed by the response. Responses to interrogatories PR/USPS-T6-1 through 5, 7 and 8, 10 and 11 were filed on January 6, 2012.

Respectfully submitted,

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Matthew J. Connolly
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-8582; Fax -5418
matthew.j.connolly@usps.gov
January 12, 2012

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T6-6. Please refer to page 13 of your testimony which states, “Although such savings would be mitigated by any increase in transportation cost due to the fact that remaining plants must be connected to more Post Offices in the realigned network, I expect the Postal Service to realize plant-to-Post Office surface transportation cost savings when it rationalizes the processing network.”

- a. Please confirm that an increase in the number of connections between the remaining plants in the network increase the number of operating miles? If not confirmed, please explain.
- b. Please provide, if available, details of any estimates of the potential increase in transportation costs? If not available, please explain why such estimates have not been made.
- c. Please explain the basis for the expectations of surface transportation cost savings.

RESPONSE:

- (a) Not confirmed. As information, page 13 of my testimony concerns Plant-to-Post Office network optimization, not Plant-to-Plant network optimization. However, for the reason set forth in my response to part (a) of PR/USPS-T6-5, I anticipate a reduction in number of operating miles between plants as a result of network rationalization.
- (b) Estimates of “any increase in transportation costs” as discussed in my testimony on page 13 (quoted above) are not available. Rather such increases are accounted for in the transportation portion of each AMP study. Each study provides a summary of the transportation costs in the current environment and the proposed transportation costs if the AMP proposal is implemented. The transportation portions of each of the fourteen (14) AMP studies I reviewed are provided in library references USPS-LR-N2012-1/27 and USPS-LR-N2012-1/NP8.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

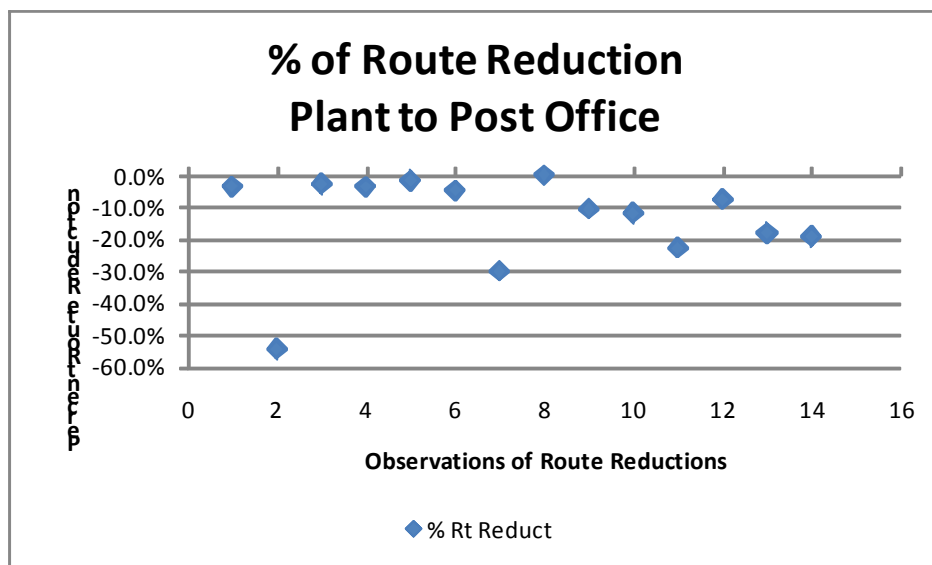
RESPONSE TO PR/USPS-T6-6 (CONT.):

- (c) The expected surface-transportation costs savings are based on the analyses set forth in USPS-LR-N2012-1/11 and supplemented by the data contained in USPS-LR-N2012-1/25 and USPS-LR-N2012-NP7.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE

PR/USPS-T6-12. Please refer to page 12 of your testimony where there is an evaluation of Plant-to-Post-Office Routes, and it reads, “I analyzed a subset of routes (in 5 out of 7 areas) in the network to identify operating miles that could be eliminated in the rationalized mail processing environment.”] (This work is presented in Library Reference USPS-LR-N2012-1/11.)

- What percentage of all routes in each area was included in your study?
- The chart below depicts the percent of miles reduced from network realignment in each of the 16 areas you studied. There appear to be at least two outliers. Please explain why they were retained.
- Why were the Pacific and Cap Metro areas not included?
- What method, if any, was used to determine which routes were sampled?
- Do you consider your sampling procedure adequate to produce a reliable estimate of Plant-to-Post-Office reduction? If so, please explain.



RESPONSE:

As information, the text, “(in 5 out of 7 areas)” does not appear in my testimony on page 12.

- The responsive information is provided in the chart below:

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

RESPONSE TO PR/USPS-T6-12 (CONT.):

Area	Study Site	Gaining Site	AMP Proposals Completed Total Routes Evaluated	Plant to Post Office Total Area Routes	Percentage of Total Routes Reviewed
Western	Grand Island NE PDF	Omaha NE PDC	31		
Western	Eau Claire WI PDF	Saint Paul MN PDC	22		
Western	LaCrosse WI PDF	Saint Paul MN PDC	11		
Western	Rochester MN PDF	Saint Paul MN PDC	13		
Western	Duluth MN PDF	Saint Paul MN PDC	16		
Western	Norfolk NE PDF	Omaha NE PDC	24		
Total			117	1,260	9.3%

Southwest	Lafayette LA PDF	Baton Rouge LA PDC	23		
Southwest	South FL PDC	Miami FL PDC	18		
Total			41	1,068	3.8%

Eastern	Lancaster PA PDC	Harrisburg PA PDC	8		
Eastern	Owensboro CSMPC KY	Evansville PDF IN	2		
Eastern	Campton KY CSMPC	Louisville KY PDC	1		
Total			11	1,154	1.0%

Great Lakes	Bloomington IN MPA	Indianapolis IN PDC	39		
Great Lakes	Kalamazoo MI PDC	Grand Rapids MI PDC	40		
Great Lakes	Quincy IL PDF	Columbia MO PDF	51		
Total			130	604	21.5%

- (b) As information, data from four (4) areas were included in my study, not 16. Only 14 AMP studies had been reviewed by my office at the time I finalized my testimony. I deemed it prudent to include all data points in my study. When all of the AMP studies relevant to this docket have been completed, I will update the record to reflect the additional data. Please see my response to part (e) below.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

RESPONSE TO PR/USPS-T6-12 (CONT.):

- (c) Please see my response to part (b) above and part (e) below. No studies from the Pacific, Cap Metro, and Northeast areas had been fully vetted by my office at the time I finalized my testimony.
- (d) Please see my response to part (b) above.
- (e) As part of the AMP process, my office reviews the analysis conducted by the field in order to analyze transportation requirements and evaluate the proposed increases or decreases in transportation costs. This review process allows my office to develop more accurate transportation requirements and proposed costs which are often lower than the proposed costs developed by the field.

Accordingly, I believe that AMP studies that have been subject to review by my office provide a more reliable basis for estimating reductions in Plant-to-Post-Office operating miles than AMP studies that have not been subject to such review.